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Message Text

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64
ACTION AF-08

INFO OCT-01 NEA-10 ISO-00 EB-07 SS-15 FEA-01 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 OES-06 SP-02 STR-04 TRSE-00 ACDA-07

/108 W
---------- 104387
R 241157Z NOV 76
FM AMEMBASSY RABAT
TO SECSTATE WASHDC 391
INFO AMCONSUL CASABLANCA
AMCONSUL TANGIER

C O N F I D E N T I A L RABAT 6336

E.O. 11652: GDS
TAGS: ENRG PFOR
SUBJECT: DEMARCHE ON OPEC PRICE DECISION

REF: (A) STATE 282460; (B) STATE 278391

1. ECOUN AND ECONOFF CALLED ON ZINE EL ABIDINE HACHEMI ALAOUI, DIRECTOR, TECHNICAL AND ECONOMIC COOPERATION DIVISION, MINISTRY OF FOREIGN AFFAIRS, ON NOVEMBER 23 TO DISCUSS DECEMBER OPEC MEETING. ALAOUI REFERRED IMMEDIATELY TO KING HASSAN'S RECENT RESPONSE TO A QUESTION ON OPEC POSED DURING HIS NOVEMBER 21 INTERVIEW ON FRENCH TELEVISION. FOLLOWING IS TEXT OF QUESTION AND KING'S RESPONSE.

QUOTE: QUESTION: SIRE, IN THEIR DAILY LIVES THE FRENCH PEOPLE CURRENTLY HAVE TWO PREOCCUPATIONS. FIRST OF ALL, THE GENERAL FRENCH POPULACE WOULD LIKE TO KNOW IF THE PRICE OF OIL WILL RISE AND RISE APPRECIABLY AT THE END OF THE YEAR. THE FARMERS, IN THEIR TURN, ARE WORRIED ABOUT THE EVOLUTION OF PHOSPHATE PRICES. I SPEAK OF PHOSPHATE
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BECAUSE, IN A MANNER OF SPEAKING, PHOSPHATE IS YOUR OIL,

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IT IS YOUR PRINCIPAL MINERAL ASSET. WOULD YOUR MAJESTY CONSENT TO TELL US WHAT HE THINKS OF A POSSIBLE INCREASE IN THE PRICE OF OIL -- ALTHOUGH MOROCCO IS NOT A MEMBER OF OPEC -- AND COULD HE ALSO TELL US IF HE ENVISAGES OR DESIRES THE CREATION OF AN ORGANIZAION SIMILAR TO OPEC FOR PHOSPHATE? ANSWER: AS YOU SAID, MOROCCO IS NOT AN OIL PRODUCER. IT CANNOT, THEREFORE, ACT IN THIS AREA, DIRECTLY OR INDIRECTLY. THIS HAS NOT PREVENTED ME, HOWEVER, FROM SEEKING THE OPINION OF A CERTAIN NUMBER OF OIL-PRODUCING COUNTRIES AND I DO NOT BELIEVE THAT THERE WILL BE AN ENORMOUS INCREASE IN THE PRICE OF OIL IN THE SENSE THAT THE OIL-PRODUCING COUNTRIES, WHICH ARE WISE AND REASONABLE, CONSIDER THAT THEY HAVE NO INTEREST IN RUINING THE MERCHANTS WITH WHOM THEY DEAL. THE USSR IS SELF-SUFFICIENT IN OIL BUT EUROPE AND AMERICA NEED ARAB OIL, NOT TO MENTION JAPAN AND STILL OTHER COUNTRIES. NOW THESE ARAB COUNTRIES ARE SUPPLIED WITH EQUIPMENT, FACTORIES, ELECTRONIC EQUIPMENT, ARMAMENTS AND MANY OTHER THINGS FROM EUROPE, AMERICA, AND JAPAN. ALSO, THEY ADHERE TO THE FOLLOWING REASONING: IF WE RUIN OUR SELLERS, WE WON'T FIND ANY MORE TO BUY. THIS IS WHY MY FEELING IS, FROM WHAT I HAVE BEEN ABLE TO GLEAN FROM MY CONTACTS, THAT IF THERE SHOULD BE ANY PRICE INCREASE AT ALL, IT WILL BE TRULY WITHOUT CONSEQUENCES FOR WORLD PRICES AND FOR THE COST OF ENERGY. AS FOR PHOSPHATES, THAT IS ANOTHER MATTER. IT IS CERTAIN THAT MOROCCO IS NOT ONLY A LARGE PRODUCER OF PHOSPHATE BUT ALSO THE MOST IMPORTANT PHOSPHATE EXPORTER. IN THIS AREA THERE IS NO COORDINATION AS THERE IS FOR OIL. UNQUOTE.

2. ALAOUI SAID THAT THE KING'S STATEMENT REFLECTS THE GOVERNMENT'S OFFICIAL POSITION AND THAT MOROCCO HAS CONSISTENTLY BEEN A MODERATING, CONSTRUCTIVE VOICE IN LDC ECONOMIC COUNCILS. MOROCCO SHARES U.S. VIEW THAT A MAJOR OIL PRICE INCREASE AT THIS TIME WOULD HAVE SERIOUS CONSEQUENCES FOR THE RECOVERING ECONOMICS OF THE DEVELOPED COUNTRIES AND AN EVEN MORE PROFOUND NEGATIVE IMPACT ON NON-OIL-PRODUCING LDC'S.

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3. EMBASSY COMMENT: TAKING INTO ACCOUNT EXPLICITNESS OF KING'S STATEMENT AND REFERENCE TO "WISE AND REASONABLE" OPEC MEMBERS, IT APPEARS PROBABLE THAT THE UPCOMING OPEC MEETING WAS AMONG TOPICS DISCUSSED DURING NOVEMBER 11 TO 22 OFFICIAL VISIT TO MOROCCO OF PRINCE FAHD OF SAUDI ARABIA. WE DOUBT THAT KING HASSAN WOULD MAKE SUCH A POSITIVE PUBLIC STATEMENT ON WHAT IS STILL A VERY CONTROVERSIAL ISSUE WITHOUT HAVING RECEIVED ASSURANCE

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FROM FAHD THAT THE SAUDIS INTENDED TO ADOPT MODERATE
STANCE AT DECEMBER OPEC MEETINGS.
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